



COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
FRANKFORT, KENTUCKY 40622

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SECRETARY OF TRANSPORTATION

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GOVERNOR

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DEPUTY SECRETARY
AND
COMMISSIONER OF HIGHWAYS

**TO: Recipients of the Kentucky Transportation Cabinet's
FY 1993-FY 1998 Six Year Highway Plan**

In accordance with the Kentucky Revised Statutes, Chapters 45 and 176, the Kentucky Transportation Cabinet (KTC) hereby submits its Fiscal Year 1993-1998 Six Year Highway Plan. This document was developed by KTC for the purpose of outlining the major highway improvements planned for both the upcoming biennium and the four-year period immediately thereafter. The projects contained in this document represent the culmination of KTC's planning process which, in effect, has been ongoing since legislative approval of the 1990 edition of the Six Year Plan.

Based on Governor Jones' budget submitted for highway construction for the 1992-1994 Biennium, the FY 1993-1998 Six Year Plan is fiscally balanced each year by matching projected annual funding against estimated project costs. As shown on Figure 1, both federal and state revenue sources have been considered and projections made based on the most reliable information available.

Federal funding levels, in comparison with recent years, are expected to increase significantly under the new federal Inter-modal Surface Transportation Efficiency Act of 1991 (ISTEA), which was signed into law by President Bush on December 18, 1991. Funding for the basic federal programs increased approximately 25% from FY 1991 to FY 1992, and is projected to increase an additional 20% between FY 1992 and FY 1993. The FY 1993 level is expected to remain relatively constant through FY 1998.

Hailed as a highway bill which gives more funding flexibility to the states, ISTEA provides many opportunities to consider new and innovative methods of financing federal-aid projects. The new bill gives more control to the states in terms of project administration and oversight, and encourages departure from old procedures wherever process improvements can be realized. In adapting to this new federal philosophy, KTC has recognized several major changes in federal program structure, most notably those involving Congressional designation of a new "National Highway System." Central to this subject is the FHWA's definition of "on-system" projects.

Previous to ISTEA, the term "on-system" implied that a project was on the 14,200-mile federal-aid highway system. With the advent of the National Highway System, "on-system" is now construed by FHWA to mean only the 2,700-mile system of Interstates, Parkways, and Principal Arterial routes which comprise Kentucky's portion of the National Highway System. Reducing the federal-aid system from 14,200 miles to 2,700 miles while mandating specified levels of "on-system" spending has required that KTC completely reevaluate federal-aid project selection and advancement.

Other major changes in the new federal program are the designated federal funding categories for "Transportation Enhancement" and "Congestion Mitigation/Air Quality." Each of these programs was established in ISTEA, and neither FHWA nor KTC have fully determined the types of projects eligible for funding under these categories. Many questions still exist in this regard, as well as in many other facets of the new federal bill. As the intended scope of the new federal programs becomes clearer, KTC will likely have to make program adjustments to reflect the necessary changes.

With regard to state funding projections, KTC recognizes the current fiscal condition of the Commonwealth and realizes that the overall state revenue projections of two years ago were optimistic. Restricted growth in state revenues, when coupled with the increased size of the new federal highway program and the corresponding increase in state matching fund requirements, have necessitated that a greater number of highway projects be federally-funded. While the total scope of the highway program funding is not expected to change dramatically over the next few years (see Figure 2), the subtle "federalization" of Kentucky's program will likely mean that more time will be required to implement the average project, if federal procedures must be followed. To offset this consequence, KTC is currently evaluating options under ISTEA which allow states to assume greater levels of responsibility for certain components of the federal-aid highway program. Such options are being discussed with FHWA's Kentucky Division Office and should prove beneficial to our ability to implement projects in a timely fashion.

Even though the timing of new federal legislation has caused considerable difficulty in the preparation of this edition of the Six Year Plan, I am nonetheless excited about the promise the FY 1993-1998 Six Year Highway Plan holds for all the regions of Kentucky. Not only are we preserving our existing road system, but many new and reconstructed highway facilities are planned across the Commonwealth. Better roads mean better access, improved access leads to the realization of regional economic potential, and economic growth leads to an enhanced standard of

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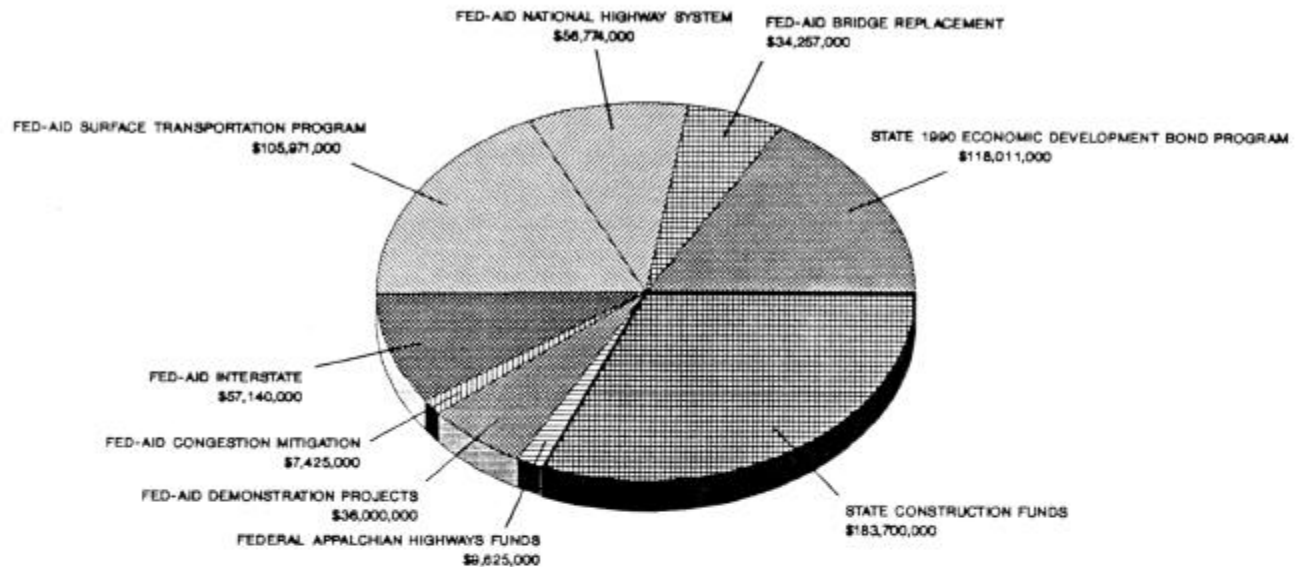
living for Kentucky's citizens. Governor Jones and I are proud to submit the Transportation Cabinet's new Six Year Highway Plan to the 1992 General Assembly, and fully recommend that this plan be approved so that we may expeditiously proceed with the business of delivering the planned improvements.

Sincerely,

A handwritten signature in cursive script, reading "Don C. Kelly". The signature is written in dark ink and is positioned above the printed name and title.

Don C. Kelly, P. E.
Secretary of Transportation
and Commissioner of Highways

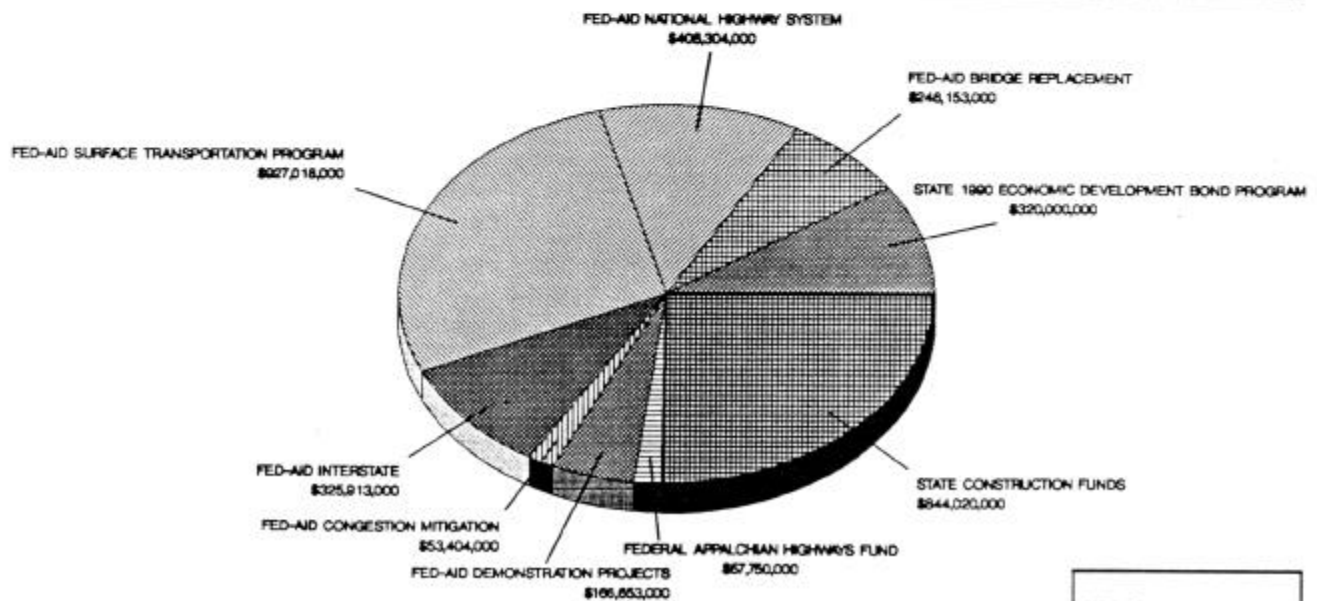
FY 1992 FEDERAL-AID AND STATE HIGHWAY CONSTRUCTION PROGRAM FUNDING LEVELS



TOTAL FY 1992 PROGRAM= 608.9 MILLION

NOTE: FEDERAL-AID FUNDING LEVELS INCLUDE STATE MATCHING FUND COMPONENT

FY 1993-FY 1998 TOTAL FEDERAL-AID AND STATE HIGHWAY CONSTRUCTION PROGRAM ANTICIPATED FUNDING LEVELS



TOTAL SIX YEAR PROGRAM= 3.36 BILLION

NOTE: FEDERAL-AID FUNDING LEVELS INCLUDE STATE MATCHING FUND COMPONENT

FIGURE 1

FEDERAL AND STATE HIGHWAY FUNDING LEVELS

FROM 1991 THRU 1998

(AS ESTIMATED BY THE KENTUCKY TRANSPORTATION CABINET)

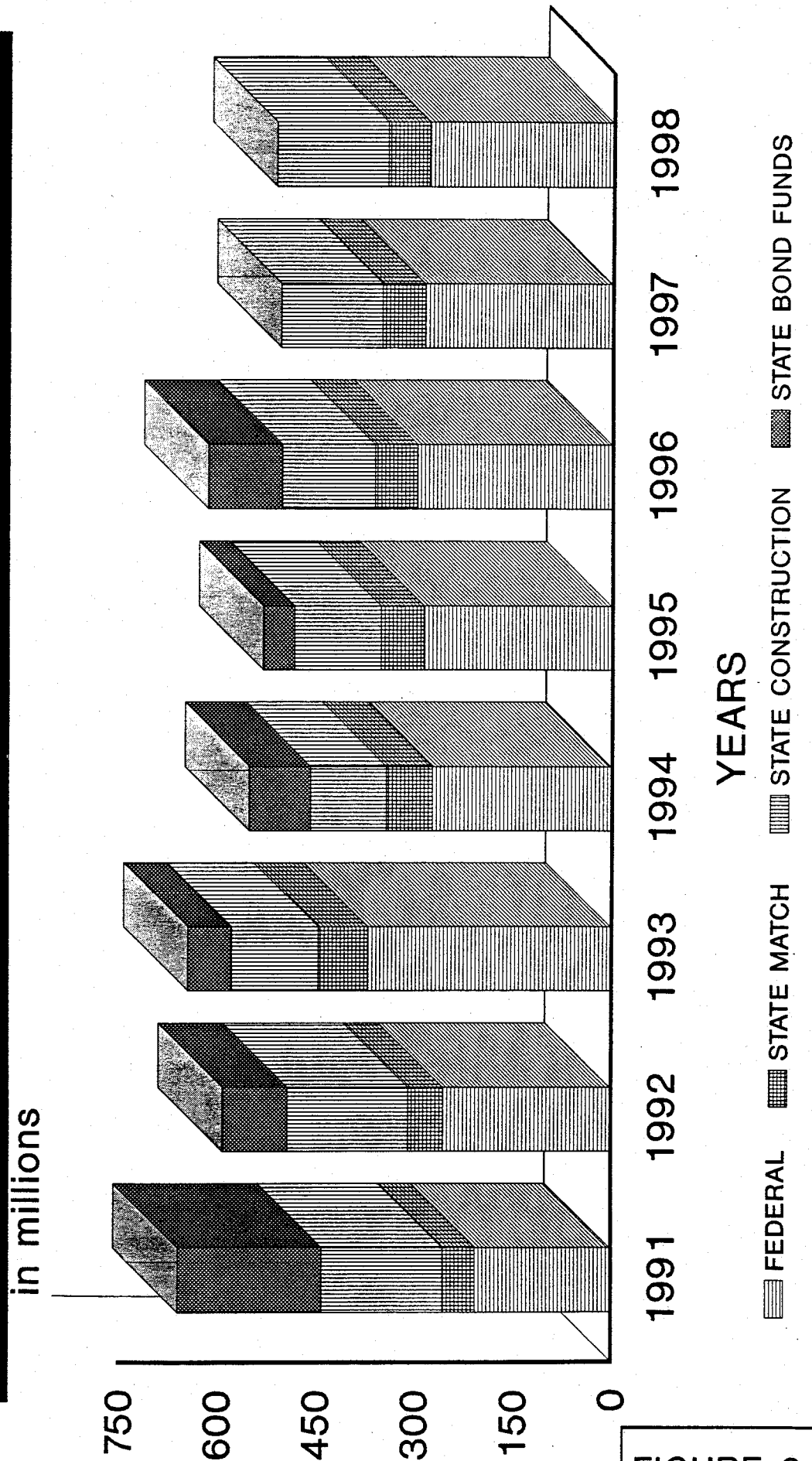


FIGURE 2